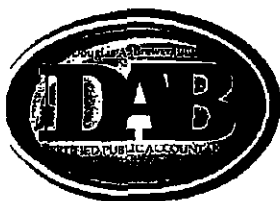


Squire Creek Community Development District**Choudrant, Louisiana****Financial Statements****For The Year Ended December 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/14/11

**Douglas A. Brewer, LLC**

Certified Public Accountant

Squire Creek Community Development District
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For the Year Ended December 31, 2010

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Douglas A. Brewer, LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Squire Creek Community Development District

Choudrant, LA

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Squire Creek Community Development District as of and for the period ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Squire Creek Community Development District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, and each major fund of Squire Creek Community Development District as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 21, 2011, on my consideration of Squire Creek Community Development District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5, and 28 through 29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Douglas A. Brewer, LLC

Ruston Louisiana
June 21, 2011

**Squire Creek Community Development District
Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Our discussion and analysis of Squire Creek Community Development District's (the "District") financial performance provides an overview of the District's financial activity for the period ended December 31, 2010. It should be read in conjunction with the basic financial statements.

Financial Highlights

Key financial highlights for the year ended December 31, 2010 include the following:

- The assets of the District exceeded its liabilities at December 31, 2010 by \$847,954, and by \$553,674 at December 31, 2009. (net assets). The majority of this amount is related to the investment in capital assets and the related bonds payable. Unrestricted assets exceeded liabilities by \$1,590 and \$3,069 for the years then ended in 2010 and 2009, respectively.
- The District's total net assets increased \$294,280 and \$420,712 for the years ended December 31, 2010 and 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements which are the government-wide financial statements, fund financial statements, and the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector businesses.

The statement of net assets presents information on all of the District's assets less liabilities, which results in net assets. The statement is designed to display the financial position of the District. Over time, increases or decreases in net assets helps determine whether financial position is improving or deteriorating.

The statement of activities provides information that shows how the District's net assets changed as a result of the year's activities. The statement uses accrual basis of accounting, similar to private-sector businesses. All changes in net assets are reported as soon as the underlying event giving rise to the revenue or expense occurs, regardless of when the cash is received or paid.

**Squire Creek Community Development District
Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has two funds and they are categorized as a governmental fund and an enterprise fund. The District adopts an annual appropriated budget for its funds.

There are no reconciling items that distinguish the Government-Wide Financial Statements (GWFS) from the Fund Financial Statements (FFS).

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of Government-wide Activities

Below is a summary of the District's government-wide financial statements for the years ended December 31, 2010 and 2009:

Statement of Net Assets		
Assets	2010	2009
Cash and Investments	\$ 695,989	\$ 650,543
Receivables	772,236	805,452
Capital Assets	5,367,751	5,533,814
Unamortized Bond Issue Costs	146,473	158,678
Total Assets	\$ 6,982,449	\$ 7,148,487
Liabilities	\$ 6,134,495	\$ 6,594,813
Net Assets	\$ 847,954	\$ 553,674
Statement of Activities		
Revenues	\$ 892,298	\$ 1,018,928
Expenses	598,018	598,216
Increase in Net Assets	\$ 294,280	\$ 420,712

**Squire Creek Community Development District
Management's Discussion and Analysis
For the Year Ended December 31, 2010**

GENERAL FUND BUDGETARY HIGHLIGHTS

There was one amendment to the original budget for the year ended December 31, 2010 and one for the year ended December 31, 2009. The budgetary comparison schedule for the general fund can be found on page 28. A summary of the 2010 and 2009 budgets is shown below:

Highlights of next year's adopted budget for the general fund include:

	<u>2010</u>	<u>2009</u>
Projected Beginning Fund Balance	\$ 3,069	\$ 3,069
Anticipated Income/Transfers - In	6,700	10,200
Anticipated Expenditures	<u>9,700</u>	<u>10,200</u>
Projected Ending Fund Balance	\$ <u>69</u>	\$ <u>3,069</u>

Budgeted transfers in for 2011 are \$8,500 and budgeted expenditures are \$10,000.

CURRENT AND EXPECTED CONDITIONS

Presently, the Squire Creek Development District's Board of Supervisors are not aware of any significant changes in conditions that would have a significant effect on the financial position or results of activities of the District in the near future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District at 3100 English Turn, Ruston, LA 71270.

BASIC FINANCIAL STATEMENTS

Squire Creek Community Development District
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,590	\$ -	\$ 1,590
Investments	-	694,399	694,399
Accounts Receivable		772,236	772,236
Capital Assets			
Property, Plant & Equipment , Net of Depreciation	-	5,367,751	5,367,751
Unamortized Bond Issue Costs,net	-	146,473	146,473
Total Assets	\$ 1,590	\$ 6,980,859	\$ 6,982,449
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ -	\$ 15,000	\$ 15,000
Bond Interest Payable	-	29,495	29,495
Long-Term Liabilities			
Notes Payable - Due Within One Year	-	465,000	465,000
Notes Payable - Due In More Than One Year	-	5,625,000	5,625,000
Total Liabilities	-	6,134,495	6,134,495
Net Assets			
Invested in Capital Assets, Net of Related Debt	-	846,364	846,364
Unrestricted	1,590	-	1,590
Total Net Assets	1,590	846,364	847,954
Total Liabilities and Net Assets	\$ 1,590	\$ 6,980,859	\$ 6,982,449

The accompanying notes are an integral part of this financial statement.

Squire Creek Community Development District
Statement of Activities
For the Year Ended December 31, 2010

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 8,179	\$ -	\$ -	\$ -
Public Safety	-	-	-	-
Total Governmental Activities	<u>\$ 8,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:				
Capital Asset Projects	\$ 234,301	\$ 884,744	\$ -	\$ -
Total Business-Type Activities	<u>\$ 234,301</u>	<u>\$ 884,744</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u><u>\$ 242,480</u></u>	<u><u>\$ 884,744</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

General Revenues:

Interest Income
Interest Expense
Transfers
Total General Revenues, Special Items, and Transfers
Changes in Net Assets
Net Assets - Beginning
Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (8,179)	\$ -	\$ (8,179)
-	-	-
<u>\$ (8,179)</u>	<u>\$ -</u>	<u>\$ (8,179)</u>
\$ -	\$ 650,443	\$ 650,443
<u>\$ -</u>	<u>\$ 650,443</u>	<u>\$ 650,443</u>
<u>\$ (8,179)</u>	<u>\$ 650,443</u>	<u>\$ 642,264</u>
-	7,554	7,554
-	(355,538)	(355,538)
<u>6,700</u>	<u>(6,700)</u>	<u>-</u>
<u>6,700</u>	<u>(354,684)</u>	<u>(347,984)</u>
(1,479)	295,759	294,280
3,069	550,605	553,674
<u>\$ 1,590</u>	<u>\$ 846,364</u>	<u>\$ 847,954</u>

The accompanying notes are an integral part of this financial statement.

**Squire Creek Community Development District
Balance Sheet- Governmental Fund Type
December 31, 2010**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets		
Cash and Cash Equivalents	\$ 1,590	\$ 1,590
Total Assets	<u>\$ 1,590</u>	<u>\$ 1,590</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances		
Unreserved	1,590	1,590
Total Fund Balances	<u>1,590</u>	<u>1,590</u>
Total Liabilities and Fund Balances	<u>\$ 1,590</u>	

Amounts reported for *Governmental Activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds

Net Assets of Governmental Activities	<u>\$ 1,590</u>
---------------------------------------	-----------------

The accompanying notes are an integral part of this financial statement.

Squire Creek Community Development District
Statement of Revenues, Expenses, and Changes in Fund Balance
Governmental Fund Type
For the Year Ended December 31, 2010

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>		
Charges for Services	\$ -	\$ -
Miscellaneous	-	-
Total Revenues	<u>-</u>	<u>-</u>
<u>Expenditures</u>		
General Government	8,179	8,179
Total Expenditures	<u>8,179</u>	<u>8,179</u>
Excess of Revenues over Expenditures	<u>(8,179)</u>	<u>(8,179)</u>
<u>Other Financing Sources (Uses)</u>		
Operating Transfers - In	6,700	6,700
Operating Transfers - Out	-	-
Total Other Financing Sources (Uses)	<u>6,700</u>	<u>6,700</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(1,479)</u>	<u>(1,479)</u>
Fund Balances, Beginning of Year	3,069	
Fund Balances, End of Year	<u>\$ 1,590</u>	
Net Changes in Fund Balances - Total Governmental Funds		(1,479)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

	-
	-
Changes in Net Assets in Governmental Activities	<u>\$ (1,479)</u>

The accompanying notes are an integral part of this financial statement.

**Squire Creek Community Development District
Statement of Net Assets
Proprietary Fund Type
December 31, 2010**

Assets	Business-Type Activities Enterprise Fund
Current Assets	
Cash and Cash Equivalents	\$ -
Cash with Fiscal Agent	267,190
Restricted Assets:	
Cash and Cash Equivalents	427,209
Receivables:	
Benefit Assessment	772,236
Total Current Assets	<u>1,466,635</u>
Noncurrent Assets:	
Unamortized Bond Issue Costs, net	146,473
Capital Assets	
Property, Plant & Equipment	6,642,506
Total Capital Assets	<u>6,642,506</u>
Less: Accumulated Depreciation	(1,274,755)
Net Capital Assets	<u>5,367,751</u>
Total Noncurrent Assets	<u>5,514,224</u>
Total Assets	<u><u>\$ 6,980,859</u></u>
Liabilities and Net Assets	
Liabilities	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 15,000
Bond Interest Payable	29,495
Bonds Payable - Current Portion	-
Total Current Liabilities	<u>44,495</u>
Noncurrent Liabilities	
Bonds Payable	6,090,000
Total Noncurrent Liabilities	<u>6,090,000</u>
Total Liabilities	<u>6,134,495</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	846,364
Unrestricted	-
Total Net Assets	<u>846,364</u>
Total Liabilities and Net Assets	<u><u>\$ 6,980,859</u></u>

The accompanying notes are an integral part of this financial statement.

Squire Creek Community Development District
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund Type
For the Year Ended December 31, 2010

	Business-Type Activities Enterprise Fund
<u>Operating Revenues</u>	
Charges for Services	\$ 884,744
Total Operating Revenues	<u>884,744</u>
<u>Operating Expenses</u>	
Depreciation	166,063
Amortization	12,206
Assessment Administrative Fee	5,000
Bank Service Charges	32
Bond Administrative Fee	6,000
Professional Services	15,000
Repairs & Maintenance	30,000
Total Operating Expenses	<u>234,301</u>
Total Operating Income /(Loss)	<u>650,443</u>
<u>Non Operating Revenues/(Expenses)</u>	
Interest Income	7,554
Interest Expense	(355,538)
Total Non Operating Revenues/(Expenses)	<u>(347,984)</u>
Net Income Before Operating Transfers	302,459
<u>Operating Transfers</u>	
Operating Transfers - In/(Out)	<u>(6,700)</u>
Net Income	\$ 295,759
Net Assets, Beginning of Year	550,605
Net Assets, End of Year	<u><u>\$ 846,364</u></u>

The accompanying notes are an integral part of this financial statement.

Squire Creek Community Development District
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2010

	Business-Type Activities Enterprise Fund
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers	\$ 917,959
Payments to Provide Services	(56,031)
Net Cash Provided (Used) by Operating Activities	<u>861,928</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Transfer From (To) Other Funds	(6,700)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(6,700)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Interest Paid on Bonds	(355,857)
Principal Paid on Bonds	(460,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(815,857)</u>
<u>Cash Flows From Investing Activities</u>	
Interest Earned	7,554
Transfer From (To) Restricted Assets	(46,925)
Net Cash Provided (Used) by Investing Activities	<u>(39,371)</u>
Net Increase/(Decrease) in Cash And Cash Equivalents	<u>-</u>
Cash And Cash Equivalents, Beginning of Year	-
Cash And Cash Equivalents, End of Year	<u><u>\$ -</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Income/(Loss)	\$ 650,443
<i>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</i>	
Depreciation	166,063
Amortization	12,206
Decrease (Increase) in Accounts Receivable	33,216
Increase (Decrease) in Accounts Payable	-
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 861,928</u></u>

The accompanying notes are an integral part of this financial statement.

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

“Community Development District” or “District” means a special district as provided in Article VI, Section 19 of the Constitution of Louisiana, which is created pursuant to this Chapter and limited to the performance of those specialized functions authorized by this chapter, the boundaries of which are contained wholly within a single parish; the governing head of which is a body created, organized and constituted and authorized to function specifically as prescribed in this Chapter for the delivery of community development services; and the formation, powers, governing body, operation, duration, accountability, requirements for disclosure, and termination of which are as required by general law.

A. Reporting Entity

Squire Creek Community Development District, Village of Choudrant, State of Louisiana (the “District”) is a public corporation and community development district organized and existing under the provisions of Chapter 27-B of Title 33 of the Louisiana Statutes of 1950, as amended, specifically La. RS. 33:9039.11 through 9039.37, inclusive (the “Act”), and pursuant to Ordinance 70 duly adopted by the Board of Alderman of the Village of Choudrant, State of Louisiana, effective on April 1, 2002 (the “Ordinance”), which District is comprised of and includes all of the immovable property situated within the described boundaries.

Pursuant to the provisions of the Act, the District is authorized to finance, fund, plan, establish, acquire construct or reconstruct, enlarge, extend, equip, operated and maintain systems, facilities and basic infrastructure for the following: (1) water management and control for the lands in the District, including the connection of some or any of such facilities with road and bridges; (2) water supply, sewer and wastewater management, reclamation and refuse, or any combination thereof, (3) bridges or culverts that may be needed across any drain, ditch, canal, floodway, holding basin, excavation, public highway, tract, grade, fill or cut and roadways over levees and embankment; and (4) roads and streets in the District equal to or exceeding the specifications of the Village of Choudrant, and street lights.

The District is authorized by the Act to levy and collect non-ad valorem special assessments against all immovable property situated in the District that is subject to assessment as a result of the projects to finance, fund, plan, establish, acquire, construct, or reconstruct, enlarge, extend, equip, operate and maintain systems, facilities and basic infrastructure for the District. The Board of the District shall exercise the powers granted to the District pursuant to this Chapter. The board

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

shall consist of five members; except as otherwise provided herein, each member shall hold for a term of four years and until a successor is chosen and qualifies. The initial members of the board shall be residents of the state, and at least one of the initial members shall be a resident of the area immediately adjacent to the District.

Commencing six years after the initial appointment of members, the position of each member whose term has expired shall be filled by a qualified elector of the District, elected by the qualified electors of the district in accordance with Title 18 of the Louisiana Revised Statutes of 1950.

Members of the board shall be known as supervisors and, upon entering into office shall take an oath of office. They shall hold office for the term for which they were elected or appointed and until their successors are chosen and qualified. If, during the term of office, a vacancy occurs, the remaining members of the board shall fill the vacancy by an appointment for the remainder of the unexpired term.

A majority of the members of the board constitutes a quorum for the purposes of conducting its business and exercising its powers and for all other purposes. Actions taken by the District shall be upon a vote of a majority of the members present unless general law or a rule of the district requires a greater number.

The District is an entity administered by a Board of Supervisors ("Board") that acts as the authoritative and legislative body of the entity. The Board is comprised of five board members, serving a term of four years. Of the five, three are elected as officers of the District; Chair(person), Vice-chair(person), and Treasurer. The elected Secretary of the board is not a member. Each Officer serves a term of four years. No board members receive compensation for serving on the Board.

The Board of Supervisors appoints the Chair(person) of the Board from existing board members. The Chair responsibilities are to preside at all meetings of the board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and exercise supervision over the business of the District, its officers and employees.

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14 "The Financial Reporting Entity", in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden, on the District. Using these criteria, the District has no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statements of changes in net assets) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

Grants, entitlements, and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The District uses governmental funds and proprietary funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following governmental fund:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Louisiana and the bylaws of the District.

The District reports the following proprietary fund:

Enterprise Fund – Accounts for transactions relating to infrastructure development, contracting, debt, assessments, and other matters requiring commitment for more than one fiscal year.

Revenues and Non-Exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

of the current fiscal year. For the District, available means expected to be received within sixty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

D. Cash and Cash Equivalents

Cash received by the District is deposited into demand deposits and daily investment accounts. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "Restricted Cash and Cash Equivalents."

During the period ended December 31, 2010, investments were limited to Federal U.S. Treasury Cash Reserves.

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

E. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements. Restricted cash represents amounts required by debt covenant to be segregated for final year debt payment and accrued interest on the bonds. Restricted cash and cash equivalents represents special assessment proceeds restricted for completion of the Squire Creek Community Development District's infrastructure projects.

F. Interfund Transactions

During the course of normal operations, the District may have transactions between funds. Interfund transactions are generally classified as follows:

Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term loans are classified as "interfund loan receivables/payables." These amounts are eliminated on the statement of net assets.

G. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

General capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

H. Intergovernmental Revenues

For governmental fund, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

I. Reservations of Fund Balances

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditures in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

J. Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from these estimates.

L. Reclassifications

Certain amounts presented in the prior year have been reclassified in order to compare with the current year's presentation.

M. Intergovernmental Agreement

The District and the Village of Choudrant entered into an agreement by which the Water System and Sewer System was and is being transferred, as completed, by the District to the Village and thereafter owned, operated and maintained by the Village for the mutual benefit of the Village and the District.

N. Assessment Methodology

At or prior to August 31 of each year, the Board of Supervisors of the District will determine and establish the special annual assessment that will be levied against all assessable property in the District for the upcoming fiscal year. No later than August 31 of each year, the aggregate special annual assessment that is

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

to be levied by the Board of Supervisors will be an amount sufficient to pay all interest that is expected to become due on the District's outstanding bonds (the "Bonds") during the upcoming fiscal year, to fund any sinking fund requirements on the bonds during the upcoming fiscal year, to fund any reserve required by the Bond indenture during the upcoming fiscal year, and to pay all expenses relating to the Bonds that are expected to become due during the fiscal year (the "*Aggregate Special Annual Agreement*"). The aggregate Special Assessments are payable by December 31 of each year.

District assessments are secured special assessments. These assessments are secured by liens on the properties being assessed.

2. STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY

GAAP requires that general purpose financial statements include a combined statement of revenues, expenditures, and changes in fund balances (budget and actual) for the general and special revenue fund types and for similar governmental fund types for which annual budgets have been legally adopted. Annual budget was legally adopted for the General Fund.

3. CASH & INVESTMENTS

All deposits of the District are held by area financial institutions. At December 31, 2010, the carrying amount of the District's deposits was \$427,210 and the bank balances were \$442,224.

The bank balances were covered by federal depository insurance or was collateralized with securities held by the District's agent (one of its custodial banks) in the District's name. Statutes require that securities pledged for deposits of the District be held by a bank other than the pledging bank.

The District is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana or any other federally insured investment, or guaranteed investment contracts issued by a financial institution having one of the two highest rating categories or in mutual or trust fund institutions which are registered with the SEC and which have underlying investments consisting solely of and limited to securities of government or its agencies.

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year end. Category 1 provides for investments insured or registered, or securities held by the District or its agents in the District's name. Category 2 provides for uninsured and unregistered securities held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

	Category			Carrying Amount & Fair Value
	1	2	3	
Money market funds invested In U. S. government and U.S. government agency securities	\$ 267,190	\$ -	\$ -	\$ 267,190

4. BENEFIT SPECIAL ASSESSMENTS

Levy of Benefit Special Assessments

Pursuant to the provisions of the Act, particularly Section 9039.29 (A), this Board hereby determines, orders, and levies the annual installments for year 2010 regarding the Special Benefit Assessments on all specially benefited immovable property in the District, all as specified on the Assessment Schedule. The Board further ordained that the Assessor and the Sheriff of the Parish of Lincoln, State of Louisiana, be empowered, authorized, and directed to spread the Special Assessments, as set forth in the Assessment Schedule, upon the assessment roll of said Parish for the calendar year 2010; and further, to make the collection of the taxes imposed for and behalf of the District, according to law. The Special Assessments herein levied shall become a permanent lien and privilege on all specially benefited immovable property at the District as on the Assessment Schedule, which lien shall be on parity with the lien state, parish, municipal, and school board taxes.

Enforcement of Lien Nonpayment

Collection of the Special Assessments levied under this Ordinance will be enforceable in the manner provided by law, particularly the provisions of Sections 9039.29 and 9039.30 of the Act. Special Assessments must be paid no later than the thirty-first (31st) day of December of each calendar year. Special Assessments which are delinquent shall bear interest after the thirty-first (31st) day of December of such year until paid, at the rate of one percent (1%) per month.

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

5. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance @ 12/31/2009	Additions	Removals	Balance @ 12/31/2010
Water System	\$ 1,793,916	\$ -	\$ -	\$ 1,793,916
Sewer System	1,642,820	-	-	1,642,820
Internal Roadway System	5,745,340	-	-	5,745,340
Miscellaneous	897,165	-	-	897,165
Total	<u>10,079,241</u>	<u>-</u>	<u>-</u>	<u>10,079,241</u>
Less Intergovernmental Transfers of Assets				
Water System	(1,793,915)	-	-	(1,793,915)
Sewer System	(1,642,820)	-	-	(1,642,820)
Total	<u>6,642,506</u>	<u>-</u>	<u>-</u>	<u>6,642,506</u>
Less: Accumulated Depreciation	<u>(1,108,692)</u>	<u>-</u>	<u>(166,063)</u>	<u>(1,274,755)</u>
Total	<u>\$ 5,533,814</u>	<u>\$ -</u>	<u>\$ (166,063)</u>	<u>\$ 5,699,877</u>

6. BOND ISSUE COSTS

	Balance @ 12/31/2009	Additions	Removals	Balance @ 12/31/2010
Costs	\$ 244,115	\$ -	\$ -	\$ 244,115
Less: Accumulated Depreciation	<u>85,437</u>	<u>-</u>	<u>12,206</u>	<u>97,643</u>
Total Bond Issue	<u>158,678</u>	<u>-</u>	<u>12,206</u>	<u>146,472</u>

Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010

7. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the period consist of the following:

	Principal Outstanding 12/31/2009	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding 12/31/2010	Amounts Due In One Year
Business Type Activities:					
Senior Special Assessment Bonds					
2002 A	\$ 2,645,000	\$ -	\$ 230,000	\$ 2,415,000	\$ 225,000
2003 A	<u>2,230,000</u>	<u>-</u>	<u>135,000</u>	<u>2,095,000</u>	<u>145,000</u>
Total	<u>4,875,000</u>	<u>-</u>	<u>365,000</u>	<u>4,510,000</u>	<u>370,000</u>
Subordinate Special Assessment Bonds					
2002 B	1,015,000	-	60,000	955,000	60,000
2003 B	<u>660,000</u>	<u>-</u>	<u>35,000</u>	<u>625,000</u>	<u>35,000</u>
Total	<u>1,675,000</u>	<u>-</u>	<u>95,000</u>	<u>1,580,000</u>	<u>95,000</u>
Total Bonds	\$ <u>6,550,000</u>	\$ <u>-</u>	\$ <u>460,000</u>	\$ <u>6,090,000</u>	\$ <u>465,000</u>

The following is a summary of principal and interest maturities of outstanding debt for the next five years:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	465,000	334,333	799,333
2012	405,000	313,031	718,031
2013	465,000	292,620	757,620
2014	515,000	268,594	783,594
2015	600,000	241,329	841,329
Thereafter	<u>3,640,000</u>	<u>704,857</u>	<u>4,344,857</u>
	<u>6,090,000</u>	<u>2,154,763</u>	<u>8,244,763</u>

**Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010**

This Board of Supervisors duly adopted Resolution No. 2002-03 on November 6, 2002, (the "Initial Resolution") authorizing the issuance of not exceeding \$20,000,000 aggregate principal amount of its Squire Creek Community Development District, Village of Choudrant, State of Louisiana, Special Assessment Bonds, Series (To Be Designated), in one or more series, on one or more issuance dates (collectively, the "Bonds"), in order to pay all or a portion of the design, acquisition and construction costs of certain infrastructure improvements from time to time constructed, established, or installed in the District, including Phase I of the development plan for the District, which Bonds will be issued pursuant to the Act and a Master Trust Indenture dated as of December 31, 2002 (the "Master Trust Indenture") entered into between the District and Argent Trust Company, a Division of National Independent Trust Company, Ruston, Louisiana, as Trustee (the "Trustee").

8. CONSTRUCTION COMMITMENTS

The District has no outstanding contracts for professional and contract services, as of December 31, 2010.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, damage to, and theft or destruction, of assets, errors and omissions and natural disaster. During 2010 the District contracted with the Lincoln Agency, LLC for liability, property, and errors and omissions damage. Coverages provided by the company through various insurance carriers, are as follows:

Public Official Errors and Omissions Liability (Per Occurrence)	\$ 1,000,000
Commercial General Liability	2,000,000
Products-Completed Operation	2,000,000
Personal and Advertising Injury	1,000,000
Fire Damage	100,000

10. CONTINGENCIES

As of December 31, 2010, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

**Squire Creek Community Development District
Notes to the Financial Statements
For the Year Ended December 31, 2010**

11. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through June 21, 2011, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**Squire Creek Community Development District
Budgetary Comparison Schedule
For the Year Ended December 31, 2010**

	Budgeted Amounts			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Maintenance Special Assessment	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
General Government				
Professional Fees	4,200	4,200	3,950	250
Insurance	4,000	4,000	4,025	(25)
Publications	1,000	1,000	204	796
Miscellaneous	500	500	-	500
Total Expenditures	<u>9,700</u>	<u>9,700</u>	<u>8,179</u>	<u>1,521</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(9,700)	(9,700)	(8,179)	1,521
Other Financing Sources (Uses)				
Operating Transfers - In	6,700	6,700	6,700	-
Operating Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>6,700</u>	<u>6,700</u>	<u>6,700</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(3,000)</u>	<u>(3,000)</u>	<u>(1,479)</u>	<u>1,521</u>
Fund Balance at Beginning of Year	3,069	3,069	3,069	-
Fund Balance at End of Year	<u>\$ 69</u>	<u>\$ 69</u>	<u>\$ 1,590</u>	<u>\$ 1,521</u>

**Squire Creek Community Development District
Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2010**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District annually adopts budgets for the General Fund of the primary government. All appropriations are legally controlled at the board level for the General Fund. On December 10, 2009, the District approved the original adopted budget reflected in the financial statements.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpected appropriations on annual budgets lapse at the end of each fiscal year.

Douglas A. Brewer, LLC

Certified Public Accountant

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Supervisors
Squire Creek Community Development District
Choudrant, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Squire Creek Community Development District, as of and for the year ended December 31, 2010, which collectively comprise Squire Creek Community Development District's basic financial statements and have issued my report thereon date June 21, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Squire Creek Community Development District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Squire Creek Community Development District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Squire Creek Community Development District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Squire Creek Community Development District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

Douglas A. Brewer, LLC

Ruston, Louisiana
June 21, 2011

**Squire Creek Community Development District
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010**

I have audited the financial statements of the Squire Creek Community Development District as of and for the year ended December 31, 2010, and have issued my report thereon dated June 21, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2010, resulted in an unqualified opinion.

Section I- Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness _____ yes X no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes X no

Compliance

Compliance Material to Financial Statements _____ yes X no

B. Federal Awards – N/A

Material Weakness Identified _____ yes _____ no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes _____ no

Type of Opinion on Compliance For Major Programs

Unqualified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)?

C. Identification of Major Programs: N/A

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?

Section II- Financial Statement Findings

The are no findings for the fiscal year ended December 31, 2010.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

**Squire Creek Community Development District
Schedule of Prior Year Findings
For the Year Ended December 31, 2010**

A. Report on Internal Control and Compliance Material to the Financial Statements

There were no deficiencies reported for the year ended December 31, 2009.

B. Management Letter

There was no management letter was issued for the year ended December 31, 2009.